

Hello,

This evening we met with the Board of Education and earlier the Budget Committee had their first meeting of the year as they engage in the work of creating a balanced budget. The Budget Committee includes board members and their citizen appointees. Law requires the board to adopt a balanced budget by the end of June. Additional budget committee meetings are scheduled this month on the 21st and 28th.

I had the opportunity to share the Budget Message for fiscal year 2014-15 and we have linked that message to the budget website.

<http://www.lanec.edu/budget/current-information-and-communications>

The Administration presented a balanced budget proposal to the Board of Education at a special meeting on April 28. The Budget and Finance Subcommittee of College Council also shared a balanced budget with the board. At the request of the board the Administration proposal balanced the budget with no tuition hike. The Budget and Finance subcommittee proposal includes a \$3.00 tuition hike and several reductions that were not fully vetted and that were not included in the Administration proposal.

Where we stand today:

We will continue to plan for a significant budget deficit in 2014/15 due to enrollment decline typical in an improved economy, combined with the long-term shortfall in state funding.

During the last recession, Lane responded to an enrollment surge of about 39 percent with a FTE (full-time equivalent) enrollment peak of 15,438 in 2011/12. Lane was there when the community needed us most. As the economy improved, students completed their programs and found jobs in our community and elsewhere. Now enrollment is leveling off to pre-recession levels of about 12,000 FTE, or about 22 percent since the surge. At the same time, a decline in state funding for community colleges has continued. This year, Lane will receive less state funding than in 2008—six years ago.

The loss of tuition revenue from enrollment decline combined with chronic funding shortfalls points to a deficit of \$10.9M or more for 2014/15 depending on continued enrollment decline. In addition, the college has been responding to a \$2M deficit this year, 2013/14. Lane has limited materials and supplies spending, canceled some low-enrollment class sections, reduced some part-time classified and faculty assignments, and restricted classified vacancies to internal hiring this year.

During the enrollment surge the college prudently created a financial stabilization reserve, which has been used to support operations during the anticipated enrollment decline. With the reserve now depleted, the fiscal year 2014-15 budget focuses on recurring balancing measures that support long-term fiscal sustainability while minimizing impact on contracted personnel and programs and services.

Budget development is a yearlong process including the work of employees and students and board discussion. The work includes strategic directions, principles and assumptions, criteria and data elements approved by the board. Decision factors include program enrollment trends, cost per FTE, student persistence, duplication, and others.

Developing a budget in such a challenging context is complex, difficult and heartfelt work.

What's next:

Next year, we need to continue deferral of non-essential materials and services, work to maximize class capacities, and reduction of part-time hours and assignments. We are looking carefully at class sizes and the amount of sections offered.

The shift in the economy and its impact on Lane provides another opportunity to review programming and sync with changes and needs in the community. Lane continually realigns its programs and services help of more than 44 advisory committees made up of about 700 representatives from business, industry, education and government.

The fundamental challenge facing Lane is how to provide education and training to meet community needs, within diminishing resources.

We will also continue to work on our long-term adaptation and sustainability strategies of strategic enrollment management; growth and retention; enterprise and auxiliary planning; grants, partnerships and leveraged funding; evidence-informed decision making; capital improvement planning; and development of online programs and services.

Lane plays a pivotal role in the health of the local economy and in every aspect of Oregon's aspirational 40-40-20 educational attainment goal to ensure that all adults will have a high school diploma or equivalent, 40 percent will have an associate's degree, and 40% will have a bachelor's degree or advanced degree, by 2025

I want to thank all of you for your hard work and your dedication to serve students at Lane. We have had many difficult conversations, and there will be more to come, but together we can work to keep Lane Community College a great place to work and learn.

Brian Kelly
Vice President
College Services